

110 STAT. 1820

PUBLIC
LAW
104-188
~~—AUG.~~
20, 1996

(1)

Subsection (a)
(5) of section
3121, as
amended by
section
1421, is
amended by
striking "(or)"
at the end of
subparagraph
(G), by
inserting "or"
at the end of
subparagraph
(H), and
by adding at
the end the
following new
subparagraph:
"(I)

under a
plan
described
in section
457(e)(1)
(A)(ii)
and
maintained
by an
eligible
employer
(as defined
in
section
457(e)(1)).

42 USC 409.

(2) Section
209(a)(4) of the
Social Security
Act is amended
by inserting "
or (K) under a
plan
described in
section
457(e)(1)(A)
(ii) of the
Internal
Revenue Code
of 1986 and
maintained by
an eligible
employer (as
defined in
section
457(e)(1) of

such Code)"
before the
semicolon at
the end
thereof
(c) EFFECTIVE
DATE

26 USC 457 note.

(1)

SUBSECTION
(a) —The
amendment
made by
subsection
(a) shall apply
to accruals of
length of
service
awards after
December
31, 1996.

26 USC
3121

(2)

SUBSECTION
(b). —The
amendment
s made by
subsection
(b) shall apply
to
remuneration
paid after
December 31,
1996.

SEC. 1469.

ALTERNAT
IVE
NONDISCR
IMINATION
RULES
FOR
CERTAIN
PLANS
THAT
PROVIDE
FOR
EARLY
PARTICIPA
TION.

(a) CASH OR
DEFERRED
ARRANGEMENTS —
Paragraph (3) of
sec-
tion 401(k)
(relating to
application of
participation and
discrimina-
tion standards),
as amended by
section 1433(d)(1)
of this Act, is
amended by
adding at the end
the following new
subparagraph:

(F)

SPECIAL RULE
FOR EARLY
PARTICIPATIO
N. —If an

employer
elects to
apply
section
410(b)(4)(B)
in
determining
whether a
cash or
deferred
arrangement
meets the
requirements
of
subparagraph
(A)(i),
the
employer
may in
determining
whether
the
arrangement
meets
the
requirements
of
subparagraph
(A)(ii),
exclude
from
consideration
all
eligible
employees
(other than
highly
compensated
employees)
who
have not
met the
minimum
age and
service
requirements
of section
410(a)(1)

(b) MATCHING
CONTRIBUTIONS
Paragraph (5) of
section 401(m)
(relating to
employees taken
into
consideration) is
amended by
adding at the end
the following new
subparagraph:
"(C)

SPECIAL
RULE FOR
EARLY
PARTICIPATION
N—If an
employer
elects to
apply
section

410(b)(4)(B)
in
determining
whether a
plan meets
the
requirements
of
section
410(b),
the
employer
may, in
determining
whether
the plan
meets
the
requirements
of
paragraph
(2), exclude
from
consider-
ation all
eligible
employees
(other than
highly
compensate
d
employees)
who have
not met the
minimum
age and
service
requirement
s of section
410(a)
(D(A)).".

26 USC 401 note.

(c)

EFFECTIVE DATE. —
The amendments
made by this
section
shall apply to plan
years beginning
after December
31, 1998.

SEC. 1460.

CLARIFICA
TION OF
APPLICATI
ON OF
ERISA TO
INSURANC
E
COMPANY
GENERAL
ACCOUNTS

(a) IN GENERAL. —
Section 401 of
the Employee
Retirement
Income Security
Act of 1974 (29
U.S.C. 1101) is
amended by

Proposed
regulatio

adding
at the end the
following new
subsection:

(c)(1)(A) Not
later than June
30, 1997, the
Secretary shall
issue proposed
regulations to
provide guidance
for the purpose
of determining in
cases where an
insurer issues 1 or
more policies
to or for the
benefit of an
employee benefit
plan (and such
policies
are supported by
assets of such
insurer's general
account), which